GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2632
ANSWERED ON:31.08.2007
LOAN FACILITIES FOR REMOTE AND BACKWARD AREAS
Naik Shri Shripad Yasso;Rijiju Shri Kiren

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to further strengthen regional rural banks for providing loan facilities in remote and backward areas; and

(b) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b) .- In order to strengthen the Regional Rural Banks (RRBs) for providing loan facilities in remote and backward areas, the Government has initiated a number of measures such as:

(i) The continuance of scheme of providing 2% interest subvention to RRBs on their own involvement of funds in disbursement of crop loans upto Rs 3.00 lakh per borrower at 7% rate of interest per annum for the year 2007-08.

(ii) National Bank for Agriculture and Rural Development (NABARD) extends short-term refinance to RRBs for financing Seasonal Agricultural Operations (SAO) at the concessional refinance rate of 4.5% per annum.

(iii) To augment their resources, RRBs have been permitted to accept Non Resident External (NRE)/Foreign Currency Non Resident (FCNR) deposits.

(iv) The Chairman, NABARD has been advised to draw an Action Plan identifying RRBs and their sponsor banks to undertake aggressive branch expansion especially, in uncovered districts, while giving due consideration to the contiguity factor, so as to increase access to credit in the remote and backward areas.

(v) Recapitalization of RRBs which have a negative networth, in a phased manner.